# UNIVERSITY OF SASKATCHEWAN

# 2000 ACADEMIC MONEY PURCHASE PENSION PLAN

## FINANCIAL STATEMENTS

## For the Year Ended December 31, 2005

SASKATCHEWAN

**Provincial Auditor Saskatchewan**

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## AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits of the University of Saskatchewan 2000 Academic Money Purchase Pension Plan as at December 31, 2005 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at December 31, 2005 and the changes in the net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
April 7, 2006

Fred Wendel, CMA, CA
Provincial Auditor

**UNIVERSITY OF SASKATCHEWAN**
**2000 ACADEMIC MONEY PURCHASE PENSION PLAN**

## STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

**As at December 31**

Statement 1

| | 2005 | 2004 |
|---|---|---|
| **Assets** | | |
| Segregated fund investments | $ 254,412,440 | $ 227,466,405 |
| Contributions receivable: | | |
| Employee | 670,448 | 599,660 |
| Employer | 648,302 | 599,660 |
| | 1,318,750 | 1,199,320 |
| Total assets | 255,731,190 | 228,665,725 |
| **Liabilities** | | |
| Accounts payable | 337,750 | 1,716,534 |
| Total liabilities | 337,750 | 1,716,534 |
| Net Assets Available for Benefits (Statement 2) | $ 255,393,440 | $ 226,949,191 |

(See accompanying notes)

# UNIVERSITY OF SASKATCHEWAN
# 2000 ACADEMIC MONEY PURCHASE PENSION PLAN

## STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
## For The Year Ended December 31

Statement 2

| | 2005 | 2004 |
|---|---|---|
| **Increase in Assets** | | |
| Current period change in fair values of investments | $ 22,420,626 | $ 18,788,630 |
| Contributions: | | |
| Employee | 7,678,997 | 6,989,893 |
| Employer | 7,678,997 | 6,989,893 |
| Other transfers and contributions | 2,825,424 | 1,709,493 |
| | 18,183,418 | 15,689,279 |
| Total increase in assets | 40,604,044 | 34,477,909 |
| **Decrease in Assets** | | |
| Plan expenses (Note 4) | 946,758 | 905,343 |
| Refunds and transfers: | | |
| Retirements | 9,045,360 | 13,139,207 |
| Terminations | 1,252,035 | 2,818,089 |
| Death benefits | 915,642 | 1,066,473 |
| | 11,213,037 | 17,023,769 |
| Total decrease in assets | 12,159,795 | 17,929,112 |
| Increase in net assets | 28,444,249 | 16,548,797 |
| Net assets available for benefits at beginning of year | 226,949,191 | 210,400,394 |
| Net assets available for benefits at end of year (to Statement 1) | $ 255,393,440 | $ 226,949,191 |

(See accompanying notes)

# UNIVERSITY OF SASKATCHEWAN
# 2000 ACADEMIC MONEY PURCHASE PENSION PLAN

## NOTES TO THE FINANCIAL STATEMENTS
## December 31, 2005

### 1. Description of the Plan

The following description of the University of Saskatchewan 2000 Academic Money Purchase Pension Plan (the Plan) is a summary only. For more complete information, reference should be made to the Plan Document.

a) General

The Plan is a defined contribution pension plan for the administrative and academic employees of the University of Saskatchewan hired since July 1, 2000 or employees who elected to transfer from the University of Saskatchewan 1999 Academic Pension Plan. The Plan is registered under the Pension Benefits Act, 1992 (registration # 1074251).

The Plan was established January 1, 2002. The Academic Money Purchase Pension Plan Committee administers the Plan. The Committee is composed of six persons - three appointees of the Board of Governors of the University and three appointees of the Faculty Association of the University. The Committee provides recommendations to the Board of Governors on Plan amendments, investment policy, and other administrative matters.

b) Investments

The Plan receives and holds, in trust, the University's and members' contributions as well as the related investments and investment income derived from these contributions. The investment income credited to member accounts is the full market rate of return earned after deducting the expenses of the Plan.

The Plan's assets are invested in segregated funds approved by the Board of Governors. Members have the ability to select an investment strategy that is suitable for their own retirement investment needs. Members bear the investment risk and reap the rewards of investment performance, as plan benefits are limited to the market value of accumulated balance of each member's accounts.

c) Required Contributions

Active members and the University are each required to contribute 6.82% of the members' pensionable earnings subject to the Income Tax Act limits.

d) Retirement Benefits

The normal retirement date under the plan is the June 30th following the member's 67th birthday.

Upon retirement, a Member can transfer the balance of their account to a locked-in Registered Retirement Savings Plan, a Prescribed Registered Retirement Income Fund, purchase a life annuity from an insurance company or leave the balance in the Plan to be transferred at a later date.

e) Termination Benefits

If a member ceases employment with the University before retirement, a member can transfer the balance of their account to a locked-in Registered Retirement Savings Plan, transfer the account balance to an eligible pension plan of a new employer, purchase a life annuity from an insurance company, or leave the balance in the Plan to be transferred at a later date.

f) Death Benefits

If a member without a spouse dies before retirement, the Plan pays the accumulated balance of the member's account to the date of death to the designated beneficiary or member's estate. If a member with a spouse dies before retirement, the spouse can buy an immediate or deferred annuity, transfer the balance to a Registered Retirement Savings Plan, transfer the balance to a Prescribed Registered Retirement Income Fund, or receive a lump sum payment equal to the accumulated balance of the member's account.

g) Income Taxes

The Plan is a Registered Pension Plan as defined in the Income Tax Act and is not subject to income taxes.

## 2. Significant Accounting Policies

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. They are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the plan or the benefit security of individual plan members. These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following policy is considered significant.

a) Segregated fund investments

Units in the segregated funds are recorded in the accounts at their net asset value per unit. Net asset value per unit is the market value of the investments in the segregated fund's portfolio divided by the total number of outstanding units in that fund. Any increase/decrease in the value of the segregated funds is accounted for in the statement of changes in net assets available for benefits as a current period change in fair values of investments.

## 3. Financial Instruments

For the following financial instruments, the fair value approximates their carrying value due to the immediate or short-term nature of these instruments:

a) contribution receivables, and
b) accounts payable

The Plan is exposed to minimal credit risk from potential non-payment of receivables as they are collected shortly after year-end.

The value of the Plan's investments is affected by changes in nominal interest rates, currency rates, and equity markets. The Plan manages these risks by investing in segregated funds that are comprised of various pooled funds. The fair value of the investment reflects their market value, the calculation of which is described in Note 2.

The investments are comprised of Sun Life Financial units of segregated funds that hold units of pooled funds. The balances in these segregated funds are a debt due by Sun Life Financial to the Plan. The Plan does not own the underlying assets in these funds; Sun Life Financial does. The pooled funds have no fixed interest rate, and its returns are based on the performance of the fund.

As Plan members have differing risk preferences, the Plan makes several investment options available to members. These options allow members to select segregated funds with a mix of underlying assets that meets their investment needs.

Credit risk arises from the potential for an issuer to default on its contractual obligations to the Plan. The Plan limits credit risk by dealing with issuers that are considered to be high quality.

## 4. Plan Expenses

| | Budget 2005 | Actual 2005 | Actual 2004 |
|---|---|---|---|
| Investment management fees | $ 619,000 | $ 568,820 | $ 582,615 |
| Trustee fees | 260,000 | 264,781 | 247,855 |
| Administration fees | 48,000 | 57,810 | 47,762 |
| Consulting services | 50,000 | 55,347 | 27,111 |
| Total | $ 977,000 | $ 946,758 | $ 905,343 |

## 5. Related Parties

The Plan is related to the University of Saskatchewan and other pension plans sponsored by the University of Saskatchewan.

The University of Saskatchewan pays for certain administration and consulting expenses. A portion of these expenses, which the University of Saskatchewan incurs, is charged back to the plan. The expenses charged by the University of Saskatchewan in 2005 were $57,810 (2004 – $47,762).

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.